

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-06 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-03 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /077 R

DRAFTED BY EUR/WE:EJBEIGEL:VE

APPROVED BH EUR/WE:WHMARSH

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R 052000Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

UNCLAS STATE 243454

E.O. 11652: N/A

TAGS: EFIN, BE

SUBJECT: U.S. INVESTMENT IN LIMBURG PROVINCE

1. L. E. RUSSELL, PRESIDENT OF TEE-PAK OF CHICAGO, A WHOLLY-OWNED SUBSIDIARY OF CONTINENTAL CAN COMPANY, INFORMED

DEPARTMENT NOVEMBER 4 THAT HIS FIRM PLANS TO INSTALL A SYNTHETIC SAUSAGE CASE MANUFACTURING PLANT AT THE LOMMEL INDUSTRIAL PARK IN LIMBURG PROVINCE. TOTAL ESTIMATED COST OF THIS INSTALLATION IS 1,500 MILLION FRANCS OF WHICH BELGIAN AUTHORITIES HAD INDICATED TWO YEARS AGO THEY WOULD PROVIDE ABOUT 270 MILLION FRANCS IN THE FORM OF AN INVESTMENT INCENTIVE CAPITAL GRANT. RUSSELL INDICATES THAT GROUND WAS BROKEN FOR THE FACTORY THREE WEEKS AGO AND THAT IT IS TO GO INTO PRODUCTION BY BEGINNING OF 1976, WHEN ASSOCIATED SEWAGE DISPOSAL PLANT WHICH LOCAL AUTHORITIES ARE INSTALLING IS ALSO TO BE READY.

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2. RUSSELL SAYS THAT TEN DAYS AGO BELGIAN AUTHORITIES INDI-

CATED THAT FOR BUDGETARY ECONOMY REASONS ABOUT 60 MILLION

FRANCS OF THE PROMISED BELGIAN GRANT WOULD NOT BE AVAILABLE

UNLESS THE PLANT IS READY FOR PRODUCTION BY JULY 1975. THIS IS MANIFESTLY IMPOSSIBLE SINCE THE SEWAGE DISPOSAL FACILITY WILL NOT BE READY BY THEN.

3. RUSSELL CONSIDERS BELGIAN AUTHORITIES HAVE GONE BACK ON THEIR ORIGINAL WORD, AND THIS COULD AFFECT OTHER POSSIBLE U.S. INVESTMENTS IN THE LOMMEL INDUSTRIAL PARK SUCH AS GM AND BORG-WARNER. HE WOULD LIKE TO TAKE ANY STEPS THAT WILL INDUCE BELGIANS TO MAINTAIN THE FULL AMOUNT OF THE GRANT ORIGINALLY FORESEEN.

4. DEPARTMENT ADVISED RUSSEL TO PUT HIS ATTORNEY, COOL, OF CLEARY GOTTLIEB OFFICE IN BRUSSELS, IN TOUCH WITH ECONOMIC COUNSELOR PHILLIPS, TO PRESENT ALL THE FACTS IN THIS CASE SO THAT EMBASSY CAN DETERMINE WHAT COURSE MIGHT BE FOLLOWED AND WHAT ROLE IT SHOULD PLAY. WE ALSO SUGGESTED THAT THE TEE-PAK PROBLEM MIGHT USEFULLY BE BROUGHT TO THE ATTENTION OF THE AMERICAN CHAMBER OF COMMERCE IN BELGIUM.

5. THE AMOUNT IN DISPUTE IS WHAT RUSSELL REFERRED TO AS THE ADDITIONAL 2 PERCENT CAPITAL GRANT INCENTIVE WHICH HAD BEEN OFFERED TO THE COMPANY OVER AND ABOVE THE PUBLISHED FINANCIAL INCENTIVES FOR U.S. INVESTMENT IN LIMBURG.

6. WE ADVISED RUSSELL WE WOULD BE IN TOUCH WITH HIM FURTHER AFTER RECEIVING A REPORT FROM THE EMBASSY. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS, BUSINESS FIRMS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE243454
Document Source: CORE
Document Unique ID: 00
Drafter: EJBELGEL:VE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740318-0537
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741169/aaaacglj.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 NOV 2002 by smithrj>; APPROVED <27 NOV 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. INVESTMENT IN LIMBURG PROVINCE
TAGS: EFIN, BE, US, CONTINENTAL CAN COMPANY
To: BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005